

FORESIGHT SOLAR (UK HOLD CO) LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2016**

COMPANY NUMBER: 08584284

WEDNESDAY



L6FVQ8QI

LD8

27/09/2017

#88

COMPANIES HOUSE

Foresight Solar (UK Hold Co) Limited

Contents	Page
Directors' Report	1
Strategic Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Foresight Solar (UK Hold Co) Limited

Directors' Report For the year ended 31 December 2016

The Directors of Foresight Solar (UK Hold Co) Limited (the "Company") present their report and Financial Statements for the year ended 31 December 2016.

Incorporation and Structure

Foresight Solar (UK Holdco) Limited is a private limited company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company's registered office is c/o Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG.

The Company is a wholly owned subsidiary of Foresight Solar Fund Limited (the "Fund") which is a London Stock Exchange listed renewable infrastructure company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 13 August 2013, with registered number 113721. The Company was established as a vehicle through which the Fund makes its investments.

On 11 January 2016, the Company incorporated a subsidiary, FS Holdco Limited ("FS Holdco") with 1 ordinary share in issue for a cost of £1.

On 1 December 2016, the Company incorporated a second subsidiary, FS Holdco 2 Limited ("FS Holdco 2") with 1 ordinary share in issue for a cost of £1. On 2 December 2016, FS Holdco 2 incorporated a subsidiary, FS Debtco Limited ("FS Debtco") with 1 ordinary share in issue for a cost of £1. As at 31 December 2016, there had been no activities in either FS Holdco 2 or FS Debtco.

Activities and Results

Up to 31 March 2016, the Company invested in further holding companies (the "SPVs") which then invested in the underlying investments. On 31 March 2016, UK Hold Co transferred all equity investments and related shareholder loans in the SPVs to FS Holdco in return for 16 ordinary shares issued by FS Holdco and a loan receivable equal to the fair value of the investments transferred on 31 March 2016. The principal activity of the Fund, the Company, FS Holdco, FS Holdco 2 and FS Debtco (together "the Group") is investing in operational UK ground based solar power plants.

The results of the Company are set out in the Statement of Comprehensive Income on page 5.

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net liabilities, which the directors believe to be appropriate given that the Company is dependent for its working capital on funds provided to it by Foresight Solar Fund Limited, the ultimate parent undertaking of the Company.

The Fund has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Dividends

The Directors of the Company do not recommend the payment of a dividend for the year (2015: £nil).

Directors

The Directors of the Company who held office during the year, and subsequently, were:

- Jamie Richards
- Ricardo Pinheiro

The Directors in office at the end of the year had no interests in the share capital of the Company at any time during the year.

Secretary

The Secretary of the Company who held office during the year, and subsequently, was Foresight Fund Managers Limited.

Political and charitable donations

No contributions to political organisations or charitable donations were made during the year (2015: nil).

Employees

During the year, the average number of persons employed by the Company was nil (2015: nil).

Statement of disclosure of information to the Independent Auditors

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are aware there is no relevant information of which the Company's auditors are unaware, each Director have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

For and on behalf of the Board of Directors

Jamie Richards



The Shard
32 London Bridge Street
London
SE1 9SG

21 September 2017

Foresight Solar (UK Hold Co) Limited

Strategic Report For the year ended 31 December 2016

Introduction

This Strategic Report has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Investment Objective

As a subsidiary of the Fund, the Company's primary objective is to act as a holding company for the investments made by the Group.

The Group invests in unquoted investments and these are usually structured as a combination of ordinary shares and loan stocks.

Performance and Key Performance Indicators (KPIs)

The Board expects the Company to deliver a performance which meets its objectives. The key performance indicator of the Company that is reviewed by the Board is the value of its assets, which was £431,173,087 as at 31 December 2016 (2015: £421,627,499).

Business review

Up to 31 March 2016, the Company invested in the SPVs which then invested in the underlying investments. On 31 March 2016, the Company transferred all equity investments and related shareholder loans in the SPVs to FS Holdco in return for 16 ordinary shares issued by FS Holdco and a loan receivable equal to the fair value of the investments transferred on 31 March 2016.

EU Referendum

While unexpected, we believe the Brexit EU referendum result in June 2016 will have a limited impact on the Company. The fundamentals of the UK Solar sectors are not underpinned by any EU regulations or legislation. The subsequent dissolution of the Department of Energy & Climate Change ("DECC") and transfer of its responsibilities to the new Department of Business, Energy and Industrial Strategy ("BEIS"), incorporating the Department of Business, Innovation and Skills ("BIS"), could have positive implications if this results in more co-ordinated policy decisions. The Board will continue to monitor any future impact that Brexit may have on the Company.



Jamie Richards, for and on behalf of the Board of Directors
21 September 2017

Foresight Solar (UK Hold Co) Limited

Statement of Directors' Responsibilities For the year ended 31 December 2016

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 ("company law") requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with company law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Jamie Richards, for and on behalf of the Board of Directors

The Shard
32 London Bridge Street
London
SE1 9SG

21 September 2017

Foresight Solar (UK Hold Co) Limited

Independent Auditor's Report to the Members of Foresight Solar (UK Hold Co) Limited For the year ended 31 December 2016

We have audited the financial statements of Foresight Solar (UK Hold Co) Limited for the year ended 31 December 2016 set out on pages 5 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the Financial Statements.

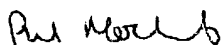
Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic Report and the Directors' Report:

- we have not identified any material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Philip Merchant
(Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
15 Canada Square,
London
E14 5GL

21 September 2017

Foresight Solar (UK Hold Co) Limited

Statement of Comprehensive Income For the year ended 31 December 2016

	Notes	2016 £	2015 £
Income			
Interest income	5	27,575,857	22,747,281
Gains on investments at fair value through profit or loss	14	9,545,604	290,307
Total revenue		37,121,461	23,037,588
Expenditure			
Finance costs	6	(1,113,448)	(3,695,748)
Interest on loan notes	7	(27,314,237)	(21,587,249)
Interest on shareholder loan	7	(2,134,994)	(3,497,668)
Other expenses	8	(89,376)	(195,982)
Total expenditure		(30,652,055)	(28,976,647)
Profit / (loss) before taxation for the year		6,469,406	(5,939,059)
Taxation	9	(1,694,813)	(668,841)
Profit / (loss) and total comprehensive income / (loss) for the year		4,774,593	(6,607,900)

All items above arise from continuing operations, there have been no discontinued operations during the year.

The accompanying notes on pages 9 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Financial Position As at 31 December 2016

	Notes	2016 £	2015 £
Assets			
Non-current assets			
Investments held at fair value through profit or loss	14	<u>431,173,087</u>	<u>421,627,479</u>
Total non-current assets		431,173,087	421,627,479
Current assets			
Trade and other receivables	10	<u>21,175,880</u>	<u>2,028,053</u>
Cash and cash equivalents		<u>44,934,984</u>	<u>2,606,765</u>
Total current assets		66,110,864	4,634,818
Total assets		<u>497,283,951</u>	<u>426,262,297</u>
Liabilities			
Non-current liabilities			
External long-term borrowings	13	-	96,003,500
Loan with subsidiary	12	<u>183,503,500</u>	-
Shareholder loan	12	<u>250,000,000</u>	<u>216,000,000</u>
Total non-current liabilities		433,503,500	312,003,500
Current liabilities			
Trade and other payables	11	<u>40,166,569</u>	<u>30,599,238</u>
Shareholder loan	12	<u>23,909,725</u>	<u>38,729,995</u>
External short-term borrowings	13	-	50,000,000
Total current liabilities		64,076,294	119,329,233
Total liabilities		497,579,794	431,332,733
Equity			
Retained earnings		<u>(295,943)</u>	<u>(5,070,536)</u>
Share capital	17	<u>100</u>	<u>100</u>
Total equity		(295,843)	(5,070,436)
Total Equity and Liabilities		<u>497,283,951</u>	<u>426,262,297</u>

The Financial Statements on pages 5 to 26 were approved by the Board of Directors and signed on its behalf on 21 September 2017 by:


Director

The Shard
32 London Bridge Street
London
SE1 9SG

The accompanying notes on pages 9 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Changes in Equity For the year ended 31 December 2016

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2016	100	(5,070,536)	(5,070,436)
Total comprehensive profit for the year:			
Profit for the year	-	4,774,593	4,774,593
Balance as at 31 December 2016	<u>100</u>	<u>(295,943)</u>	<u>(295,843)</u>

For the year ended 31 December 2015

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2015	100	1,537,364	1,537,464
Total comprehensive loss for the year:			
Loss for the year	-	(6,607,900)	(6,607,900)
Balance as at 31 December 2015	<u>100</u>	<u>(5,070,536)</u>	<u>(5,070,436)</u>

The accompanying notes on pages 9 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Cash Flows For the year ended 31 December 2016

	Notes	2016 £	2015 £
Profit / (loss) for the year before tax from continuing operations		6,469,406	(5,939,059)
Adjustments for:			
Unrealised gains on investments		(9,545,604)	(290,307)
Interest income	5	(27,575,857)	(22,746,991)
Finance costs	6	1,113,448	3,695,748
Interest on shareholder loan	7	2,134,994	3,497,668
Interest on loan notes	7	27,314,237	21,587,249
Operating cash flows before movements in working capital		(89,376)	(195,692)
Decrease in trade and other receivables		(654,277)	(9,780)
(Decrease) / Increase in trade and other payables		(7,465,782)	7,679,551
Net (payments to) / receipts from SPVs		(2,662,486)	2,508,739
Cash generated from operations		(10,871,921)	9,982,818
Finance costs paid		(1,113,448)	(3,969,503)
Net cash from operating activities		(11,985,369)	6,013,315
Investing activities			
Acquisition of investments		(10,397,534)	(166,457,882)
Increase in loan with subsidiary	12	34,000,000	-
Proceeds from loan repayments from SPVs		-	3,303,390
Investment income		9,082,307	24,869,376
Net cash outflow from investing activities		32,684,773	(138,285,116)
Financing activities			
Loan notes interest paid		(1,050,915)	(28,340,989)
Loan notes drawn down	12	-	71,000,000
Increase in / (repayment of) shareholder loan		19,179,730	(9,843,809)
Bank facility drawn down	13	3,500,000	108,898,500
Bank facility repaid		-	(11,000,000)
Net cash inflow from financing activities		21,628,815	130,713,702
Net increase / (decrease) in cash and cash equivalents		42,328,219	(1,558,099)
Cash and cash equivalents at the beginning of the year		2,606,765	4,164,864
Cash and cash equivalents at the end of the year		44,934,984	2,606,765

The accompanying notes on pages 9 to 26 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016

1. Company information

Foresight Solar (UK Hold Co) Limited (the "Company") is a private company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company was incorporated in the United Kingdom on 25 June 2013 with the company number 08584284. The address of the registered office is shown on page 1.

The Company is a wholly owned subsidiary of Foresight Solar Fund Limited (the "Fund") which is a London Stock Exchange listed renewable infrastructure company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 13 August 2013, with registered number 113721. The Company was established as a vehicle through which the Fund makes its investments.

On 11 January 2016, the Company incorporated a subsidiary, FS Holdco Limited ("FS Holdco") with 1 ordinary share in issue for a cost of £1.

Up to 31 March 2016, the Company invested in further holding companies (the "SPVs") which then invested in the underlying investments. On 31 March 2016, UK Hold Co transferred all equity investments and related shareholder loans in the SPVs to FS Holdco in return for 16 ordinary shares issued by FS Holdco and a loan receivable equal to the fair value of the investments transferred on 31 March 2016 (see note 14 for further details on the transfer).

On 1 December 2016, the Company incorporated a subsidiary, FS Holdco 2 Limited ("FS Holdco 2") with 1 ordinary share in issue for a cost of £1. On 2 December 2016, FS Holdco 2 incorporated a subsidiary, FS Debtco Limited ("FS Debtco") with 1 ordinary share in issue for a cost of £1. As at 31 December 2016, there had been no activities in either FS Holdco 2 or FS Debtco.

The principal activity of the Fund, the Company, FS Holdco, FS Holdco 2 and FS Debtco (together "the Group") is investing in operational UK based solar power plants through the SPVs.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

2.1 Basis of preparation

The Financial Statements for the year ended 31 December 2016 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee ("IFRIC") that remain in effect and to the extent they have been adopted by the EU. The Financial Statements have been prepared on the historical cost convention as modified for the measurement of certain financial instruments at fair value through profit or loss and in accordance with the provisions of the Companies Act 2006.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of IFRS that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 3.

2.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net liabilities, which the directors believe to be appropriate given that the Company is dependent for its working capital on funds provided to it by Foresight Solar Fund Limited, the ultimate parent undertaking of the Company.

The Fund has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.3 Changes in accounting policies and disclosures

Application of new and revised International Financial Reporting Standards ("IFRSs")

The following standards, amendments and interpretations which are effective for the financial year beginning 1 January 2016 are material to the Company:

- Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28, 'Investments in Associates', on 'Investment entities: Applying the consolidation exception'. Effective for accounting periods commencing on or after 1 January 2016.

The amendments to IFRS 10 confirm that an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. However, the amendments clarify that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties. This means that the Company will need to value its holdings in FS Holdco and FS Holdco 2 at fair value through profit or loss.

- IFRS 12 Disclosure of Interests in Other Entities by Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) effective 1 January 2016.

An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss presents the disclosures relating to investment entities required by IFRS 12.

The additional disclosures required by IFRS 12 are included in note 2.4 Consolidation and note 15 Related Undertakings.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these Financial Statements, the following standards, which have not been applied in these Financial Statements and which are applicable to the Company, are in issue but not yet effective:

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

2.3 Changes in accounting policies and disclosures (continued)

New and revised IFRSs in issue but not yet effective (continued)

- IFRS 15, 'Revenue from Contracts with Customers'. Effective for accounting periods commencing on or after 1 January 2018.
- IFRS 9, 'Financial Instruments - Classification and Measurement'. Effective for accounting periods commencing on or after 1 January 2018.
- IFRS 16, 'Leases'. Effective for accounting periods commencing on or after 1 January 2019.

These standards and amendments will be adopted when they become effective.

The Directors anticipate that the adoption of these standards in future periods will not have a material impact on the Financial Statements or results of the Company.

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As discussed in note 1, the Company has two direct subsidiaries, 100% controlling interests in FS Holdco and FS Holdco 2. FS Holdco in turn invests in the SPVs which then invest in the underlying investments and FS Holdco 2 has one subsidiary, FS Debtco. Therefore, FS Debtco and the SPVs are indirect subsidiaries. The Directors deem that the Company is an investment entity and therefore the Company does not consolidate any of its subsidiaries but carries them at fair value through profit or loss.

The defined criteria of an "investment entity" are as follows:

- It holds more than one investment;
- It has more than one investor;
- It has investors that are not related parties to the entity; and
- It has ownership interests in the form of equity or similar interests.

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an "investment entity", provided all other characteristics are met and the entity otherwise meets the definition of an "investment entity":

- It obtains funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;
- It commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- It measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company does not meet all the defined criteria of an "investment entity" as it is 100% owned by the Fund. However, the Directors deem that the Company is nevertheless an "investment entity" as the remaining requirements have been met because the Fund that holds 100% of the share capital has a number of investors and, through FS Holdco and FS Holdco 2, there is a diverse investment portfolio.

As FS Holdco and FS Holdco 2 are not consolidated, their subsidiaries are not separately presented at fair value through profit or loss in the Company's accounts. However, if an investment entity is the parent of another investment entity, the parent shall also provide the disclosures required by IFRS 12 Interest in unconsolidated entities. These disclosures are set out in note 15.

2.5 Income

Income comprises interest income (bank interest and loan interest). Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Loan interest income is accrued on an effective interest rate basis by reference to the principal outstanding and at the applicable fixed interest rate.

2.6 Expenses

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

The Company's finance costs, accountancy fees, interest on loan notes and all other expenses are charged through the Consolidated Statement of Comprehensive Income.

Acquisition costs of assets are capitalised on purchase of assets.

2.7 Taxation

The Company is registered in the United Kingdom ("UK") and as such is subject to corporation tax at the main tax rate.

The tax currently payable is based on taxable profit for the year. Taxable profit will differ from net profit as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other periods or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the year-end date.

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.7 Taxation (continued)

Deferred tax is the tax arising on differences on the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.8 Functional and presentational currency

The Directors consider the Company's functional currency to be Pounds Sterling ("GBP" or "£") as this is the currency in which the majority of the Company's assets and liabilities and significant transactions are denominated. The Directors have selected GBP as the Company's presentation currency.

2.9 Financial assets and liabilities

2.9.1 Classification

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss and at amortised cost. The classification depends on the nature and purpose for which the financial asset or liability is acquired and is determined at the time of initial recognition by management.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise investments in FS Holdco and FS Holdco 2. Assets in this category are classified as current assets if they are expected to be settled within twelve months, otherwise they are classified as non-current.

(b) Financial assets and financial liabilities at amortised cost

These assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortised cost comprise trade and other receivables, interest receivable and cash and cash equivalents.

Trade and other receivables are rights to receive compensation for goods or services that have been provided in the ordinary course of business to customers. Accounts receivable are classified as current assets if receipt is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest receivable are rights to receive payments at fixed or variable interest rates on loans issued by the Company. Interest receivable is classified as current if the receipt is due within one year or less.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities at amortised cost consists of trade and other payables, shareholder loans, loan notes, interest payable on the loan notes and external borrowing.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Interest payable are obligations to make payments at fixed or variable interest rates on shareholders loans, bank loans and loan notes received by the Company. Interest payable is classified as current if the receipt is due within one year or less.

2.9.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date (the date on which the Company commits to purchase or sell the asset). Investments are initially recognised at fair value, being the consideration given. It is the policy of the Investment Manager to value with reference to discounted cash flows immediately following acquisition. Investments treated as 'financial assets at fair value through profit or loss' are subsequently measured at fair value. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial assets is not considered to be material.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of the investment and its underlying direct and indirect investments is determined in accordance with IAS 39 and IFRS 13. The fair value of FS Holdco and FS Holdco 2 are made up of their net assets. The fair value of the unconsolidated subsidiaries are determined in accordance with IAS 39 and IFRS 13, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied).

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within gains/(losses) on investments at fair value through profit or loss recognised in the period in which they arise.

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are recognised at cost. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

2.9.3 Derecognition of financial assets and liabilities

Financial assets (in whole or in part) are derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

2.9.4 Bank loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.9.5 Shareholders loans and loan notes

A Shareholder loan arises when the total amount paid out by the Fund on behalf of Company for the costs of investments is more than the loan notes in issue. The additional amounts paid out are classified as a Shareholder loan on which interest accrues at a fixed rate per annum. When further loan notes are issued the amount is reclassified from Shareholder loan to Loan notes. Interest charges are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method.

2.10 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'Loss Event') and that Loss Event (or Events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in a debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have a par value of £1.00.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

3. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Fair value of underlying investments

The fair value of the underlying investments held by the Company's subsidiaries, which impact the value of the company's subsidiaries, are determined by using valuation techniques. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied). As described more fully in note 16, valuations such as these entail assumptions about solar irradiance, power prices, technological performance, discount rate, operating costs and inflation over a 25 year period.

The fair value of the Company's subsidiaries are made up of their net asset value as reported at year end. In the Director's opinion, this value represents the fair value of the investments at the valuation date as all available information is used in the valuation process.

The fair value of the underlying investments held by FS Holdco and FS Holdco 2's subsidiaries are determined by using valuation techniques. The Directors base the fair value of the investments based on information received from the Investment Manager.

4. Employees

During the year, the average number of persons employed by the Company was nil (2015: Nil).

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

5. Interest income

	2016 £	2015 £
Loan interest receivable from SPV's	6,837,036	22,696,708
Loan interest receivable from subsidiary	20,736,506	-
Bank interest receivable	2,315	50,573
	<u>27,575,857</u>	<u>22,747,281</u>

For the period 1 January 2016 to 31 March 2016, loan interest was receivable from the SPVs on the shareholder loans with value £343,730,873 at a weighted average interest rate of 7.96% (1 January 2015 to 31 December 2015: 8.38%). Total shareholder loan interest of £6,837,036 was receivable during the period 1 January 2016 to 31 March 2016 (1 January 2015 to 31 December 2015: £22,696,708), of which Nil was outstanding at 31 December 2016 (31 December 2015: £2,018,173).

On 31 March 2016, the Company transferred all shareholder loans, and interest receivable as at 31 March 2016 to FS Holdco in return for a new loan of £343,730,873 which bears interest at 8% per annum and is repayable on demand.

From 31 March 2016 to 31 December 2016, loan interest was receivable from FS Holdco at a fixed interest rate of 8%. Total loan interest of £20,736,506 was receivable for the period 31 March 2016 to 31 December 2016 (2015: Nil) of which £20,511,723 was outstanding as at 31 December 2016 (2015: Nil)

6. Finance costs

	2016 £	2015 £
Credit facility agreement arrangement fees (see note 13)	-	695,325
Credit facility agreement commitment fees (see note 13)	7,165	226,017
Interest on credit facility drawn down (see note 13)	1,106,283	2,715,542
Other finance costs	-	43,085
Annual finance costs	-	15,779
	<u>1,113,448</u>	<u>3,695,748</u>

7. Interest expense

	2016 £	2015 £
Interest on loan notes	27,314,237	21,587,249
Interest on shareholder loan	2,134,994	3,497,668
	<u>29,449,231</u>	<u>25,084,917</u>

Loan notes were issued to the company by the Fund for the purchase of investments. Interest is payable at 9% per annum in arrears on each Interest Payment Date (28 / 29 February and 31 August each year). Where interest is not paid on payment date, it will compound and future interest shall accrue at 11% per annum from the due date up to the date of actual payment compounding on each Interest Payment Date. Total interest of £27,314,237 was accrued during the year (2015: £21,587,249), of which £27,314,237 was payable at year end (2015: £1,050,940). The loan notes balance at year end is £250,000,000 (2015: £216,000,000).

A Shareholder loan is created when the total amount paid by the Fund on behalf of the Company for the cost of investments is more than the loan notes issued by the Fund to the Company. Interest is payable at 9% per annum and is repayable in full on demand. Total interest of £2,134,994 was accrued during the year (2015: £3,497,668), of which £5,730,000 was payable at year end (2015: £3,594,816). The shareholder loan balance at year end is £23,909,725 (2015: £38,729,995).

8. Other expenses

	2016 £	2015 £
Accountancy fees	25,930	17,370
Annual fees	2,538	1,872
Bank charges	1,692	-
Legal and professional fees	58,641	176,540
Penalties and charges	200	200
Security	375	-
	<u>89,376</u>	<u>195,982</u>

Included in legal and professional fees are audit fees of £9,500 payable to KPMG LLP for the year (2015: £10,000) all of which is outstanding as at 31 December 2016 (2015: £10,000).

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

9. Taxation

Rate applied during the year was 20%.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

There are no unrecognised tax losses as at 31 December 2016 (31 December 2015: £nil). The Company has no unutilised unrecognised tax losses in the current year (31 December 2015: £2,320,980).

At 31 December 2016, FS Holdco had a deferred tax asset of £71,140, which can be utilised by the group.

	2016 £	2015 £
Profit/(loss) before tax for the year	6,469,406	(5,939,059)
Expected tax charge/(credit) at 20% (2015: 20.25%)	1,293,881	(1,202,456)
Effects of:		
Income not taxable		
Adjustments in respect of prior years	(133,766)	-
Expenses not deductible for tax purposes	2,950,177	2,399,993
Tax rate changes	(14,863)	-
Unrealised gains not taxable	(2,400,616)	(58,777)
Utilisation of previously unrecognised tax assets	-	(469,919)
Tax charge for the year	1,694,813	668,841

10. Trade and other receivables

	2016 £	2015 £
Accrued interest receivable	20,511,723	2,018,173
Other receivables from subsidiaries	661,927	-
Prepaid expenses	2,230	9,880
	21,175,880	2,028,053

11. Trade and other payables

	2016 £	2015 £
Accrued investment costs	-	10,397,534
Accrued expenses	64,631	137,594
Amounts payable to Foresight Solar Fund Limited	4,694,208	12,087,027
Amounts payable to Copley	-	1,999,828
Amounts payable to Paddock Wood	-	211,767
Amounts payable to Atherstone	-	328,715
Amounts payable to Southam	-	122,176
Interest payable	33,044,076	4,645,756
Taxation payable	2,363,654	668,841
	40,166,569	30,599,238

12. Intercompany loans

	2016 £	2015 £
Non-current portion		
Loan notes with parent	250,000,000	216,000,000
Loan with subsidiary	183,503,500	-
	433,503,500	216,000,000
Current portion		
Shareholder loan with parent	23,909,725	38,729,995

A Shareholder loan is created when the total amount paid on behalf of the Company by the Fund for the cost of subsidiaries is more than the total loan notes issued from the Company to the Fund. The Shareholder loan is classified as current as it is repayable in full on demand. On 17 May 2016, the Company converted £34,000,000 of the outstanding Shareholder loan payable to the Fund into loan notes issued to the Fund. Interest is payable at 9% per annum. Total interest of £2,134,237 was charged during the year (2015: £3,497,668) of which £5,729,824 was payable at year end (2015: £3,497,668).

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

12. Intercompany loans (continued)

Loan notes are issued from the Company to the Fund. Interest is payable at 9% per annum in arrears on each Interest Payment Date in respect of the Interest Period ending on that date. If the Company fails to pay any interest due on its due date, interest shall accrue at the rate of 11% per annum from the due date up to the date of actual payment, compounding on each Interest Payment Date. Total interest of £27,314,237 was payable for the year (2015: £21,587,249) all of which was outstanding as at the reporting date (2015: £1,050,940).

The loan payable to FS Holdco at year end amounts to £183,503,500 and is repayable in full on demand. The loan has, however, been classified as non-current as it is linked to the long-term borrowings in FS Holdco. No interest is charged on this loan.

13. External long-term borrowings

	2016 £	2015 £
Non-current portion		
Facility Agreement A2	-	96,003,500
Current portion		
Facility Agreement A1	-	50,000,000

On 21 July 2015, the Company entered into a £150,000,000 Revolving Credit Facility Agreement (the "Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £75,000,000 and £75,000,000 respectively. The £150,000,000 was split into two tranches of £50,000,000 ("Facility A1") and £100,000,000 ("Facility A2"). Facility A1 was repayable on 9 April 2016 and Facility A2 was repayable on 9 April 2018.

During 2015 Facility A1 was fully drawn down and outstanding and £96,003,500 of Facility A2 was drawn down and outstanding. On 21 March 2016, the Company drew down an additional £3,500,000 from Facility A2 resulting in an amount of £99,503,500 outstanding on Facility A2. On 14 April 2016, the outstanding loan balance of £149,503,500 was paid by FS Holdco on behalf of the Company resulting in a non-interest bearing, repayable on demand loan payable to FS Holdco. The outstanding loan interest of £187,721 was repaid by the Company.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

14. Investments at fair value through profit and loss

On 31 March 2016, the Company transferred all equity investments and related shareholder loans in the SPVs to FS Holdco in return for 16 ordinary shares issued by FS Holdco and a loan receivable equal to the fair value of the investments transferred on 31 March 2016.

The following table presents the Company's investments at fair value through profit and loss:

As at 31 December 2016:

Ownership	Initial investment date	Equity £	Loan £	Cost as at 31 December 2015 £	Additions / (Disposals) £	Realised gains and losses 31 March 2016 £	Book cost at 31 December 2016 £	Unrealised gain/(loss) as at 31 December 2015 £	Unrealised gain/(loss) for the year £	Unrealised gain/(loss) as at 31 December 2016 £	Fair Value at 31 December 2016 £
FS Holdco - Equity	100% January 2016	-	-	-	75,439,130	-	75,439,130	-	12,003,083	12,003,083	87,442,213
FS Holdco - Loan	100% January 2016	-	-	-	343,730,873	-	343,730,873	-	-	-	343,730,873
FS Holdco 2	100% December 2016	-	-	-	1	-	1	-	-	-	1
Wymeswold	100% November 2013	12,850,553	31,396,456	44,247,009	(49,090,000)	4,842,991	-	4,816,957	(4,816,957)	-	-
Castle Eaton	100% June 2014	1,995,028	20,512,830	22,507,858	(21,630,000)	(877,858)	-	(755,461)	755,461	-	-
Pitworthy	100% June 2014	1,797,063	17,474,644	19,271,707	(18,210,000)	(1,061,707)	-	(733,555)	733,555	-	-
Highfields	100% June 2014	1,235,674	14,167,639	15,403,313	(14,300,000)	(1,103,313)	-	(785,633)	785,633	-	-
High Penn	100% June 2014	1,026,815	11,596,486	12,623,301	(11,310,000)	(1,313,301)	-	(1,105,562)	1,105,562	-	-
Hunter's Race	100% September 2014	1,915,090	10,323,650	12,238,740	(13,160,000)	921,260	-	899,972	(899,972)	-	-
Spriggs	100% November 2014	2,075,661	12,361,284	14,436,945	(14,580,000)	143,055	-	270,752	(270,752)	-	-
Bournemouth	100% December 2014	6,674,543	41,236,378	47,910,921	(50,060,000)	2,149,079	-	1,681,893	(1,681,893)	-	-
Landmead	100% December 2014	10,000	52,405,793	52,415,793	(51,580,000)	(835,793)	-	(64,820)	64,820	-	-
Kencot	100% March 2015	19,121,280	29,321,042	48,442,322	(47,210,000)	(1,232,322)	-	(562,637)	562,637	-	-
Copley	100% June 2015	10,374,879	22,305,057	32,679,936	(35,670,000)	2,990,064	-	2,955,780	(2,955,780)	-	-
Paddock Wood	100% July 2015	458,931	5,876,392	6,335,323	(6,190,000)	(145,323)	-	(154,181)	154,181	-	-
Atherstone	100% July 2015	7,834	12,587,495	12,595,329	(12,520,000)	(75,329)	-	156,309	(156,309)	-	-
Souham	100% July 2015	6,960	7,695,169	7,702,129	(7,780,000)	77,871	-	107,776	(107,776)	-	-
Port Farm	100% August 2015	7,258,869	37,242,731	44,501,600	(44,720,000)	218,400	-	267,548	(267,548)	-	-
Membury	100% September 2015	4,443,945	17,227,073	21,671,017	(21,160,000)	(511,017)	-	(350,902)	350,902	-	-
		71,253,123	343,730,119	414,983,243	4	4,186,757	419,170,004	6,644,236	5,358,847	12,003,083	431,173,087

FS Holdco and FS Holdco 2 are not quoted in an active market. Accordingly, the investments have been fair valued using the Company's net asset value as reported at year end. In the Director's opinion, this represents the fair value of the investments at the valuation date as all available information is used in the valuation process.

FS Holdco's current portfolio consists of non-market traded investments, the valuations of which are based on a discounted cash flow methodology (as set out in note 16). As FS Holdco's net asset value is not considered observable market data the investment in FS Holdco has been classified as level 3.

The gains on investments on fair value through profit and loss in the statement of comprehensive income (£9,545,604) is the sum of realised gains (£4,186,757) and unrealised gains (£5,358,847) recognised during the year.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2015 (continued)

14. Investments at fair value through profit and loss (continued)

The following table presents the Company's investments at fair value through profit and loss:

As at 31 December 2015:

Ownership	Initial investment date	Equity £	Loan £	Cost as at 31 December 2015 £	Unrealised gain/(loss) as at 1 January 2015 £	Unrealised gain/(loss) for the year £	Unrealised gain/(loss) as at 31 December 2015 £	Fair value as at 31 December 2015 £
Wymeswold	100% November 2013	12,850,553	31,396,456	44,247,009	3,684,275	1,132,682	4,816,957	49,063,966
Castle Eaton	100% June 2014	1,995,028	20,512,830	22,507,858	192,142	(947,603)	(755,461)	21,752,397
Pitworthy	100% June 2014	1,797,063	17,474,644	19,271,707	243,293	(976,848)	(733,555)	18,538,152
Highfields	100% June 2014	1,235,674	14,167,639	15,403,313	246,687	(1,032,320)	(785,633)	14,617,680
High Penn	100% June 2014	1,026,815	11,596,486	12,623,301	(123,301)	(982,261)	(1,105,562)	11,517,739
Hunter's Race	100% September 2014	1,915,090	10,323,650	12,238,740	(26,073)	926,045	899,972	13,138,712
Spriggs	100% November 2014	2,075,661	12,361,284	14,436,945	698,620	(427,868)	270,752	14,707,697
Bournemouth	100% December 2014	6,674,543	41,236,378	47,910,921	249,079	1,432,814	1,681,893	49,592,814
Landmead	100% December 2014	10,000	52,405,793	52,415,793	1,189,207	(1,254,027)	(64,820)	52,350,973
Kencot	100% March 2015	19,121,280	29,321,042	48,442,322	-	(562,637)	(562,637)	47,879,685
Copley	100% June 2015	10,374,879	22,305,057	32,679,936	-	2,955,780	2,955,780	35,635,716
Paddock Wood	100% July 2015	458,931	5,876,392	6,335,323	-	(154,181)	(154,181)	6,181,142
Atherstone	100% July 2015	7,834	12,587,495	12,595,329	-	156,309	156,309	12,751,638
Southam	100% July 2015	6,960	7,695,169	7,702,129	-	107,776	107,776	7,809,905
Port Farm	100% August 2015	7,258,869	37,242,731	44,501,600	-	267,548	267,548	44,769,148
Membury	100% September 2015	4,443,945	17,227,073	21,671,017	-	(350,902)	(350,902)	21,320,115
		71,253,123	343,730,119	414,983,243	6,353,929	290,307	6,644,236	421,627,479

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

14. Investments at fair value through profit and loss (continued)

Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The hierarchy used to analyse the fair values of financial assets and liabilities is set out below:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All investments held at fair value through profit or loss are classified as level 3 within the fair value hierarchy.

As FS Holdco and FS Holdco 2's net asset values are not considered observable market data the investments in FS Holdco and FS Holdco 2 have been classified as level 3. There were no movements between levels during the year.

As at 31 December 2016:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Unquoted investments	-	-	431,173,087	431,173,087
	-	-	431,173,087	431,173,087

As at 31 December 2015:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Unquoted investments	-	-	421,627,479	421,627,479
	-	-	421,627,479	421,627,479

Sensitivity Analysis

Due to the nature of the Group structure and the underlying valuation basis of FS Holdco and the underlying solar project investments, the valuation of the Company's investment at fair value through profit or loss is directly linked to the valuation of the underlying solar investments. Therefore, the unobservable inputs driving the valuation of the Company's investments in FS Holdco are directly attributable to the valuation of the unquoted investments in FS Holdco which is discussed further in note 16.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

15. Related undertakings

Name	Direct or indirect holding	Registered address	Principal activity	Proportion of shares and voting rights held
FS Holdco Limited ("FS Holdco")	Direct	The Shard, 32 London Bridge Street, London, SE1 9 SG	Subsidiary	100%
FS Holdco 2 Limited ("FS Holdco 2")	Direct	The Shard, 32 London Bridge Street, London, SE1 9 SG	Subsidiary	100%
FS Debtco Limited ("FS Debtco")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Subsidiary	100%
FS Wymeswold Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Castle Eaton Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Pitworthy Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Highfields Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS High Penn Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Hunter's Race Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Spriggs Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Bouremouth Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Landmead Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Kencot Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Copley Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Port Farm Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Membury Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Southam Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Atherstone Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
FS Paddock Wood Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
Southam Hold Co Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
Atherstone Hold Co Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
Paddock Wood Hold Co Limited	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	SPV	100%
Wymeswold Solar Farm Limited ("Wymeswold")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Highfields Solar Farm Limited ("Highfields")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
High Penn Solar Farm Limited ("High Penn")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Spriggs Solar Farm Limited ("Spriggs")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Bouremouth Solar Farm Limited ("Bouremouth")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Landmead Solar Farm Limited ("Landmead")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Kencot Hill Solar Farm Limited ("Kencot")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Copley Solar Limited ("Copley")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Port Farms Solar Limited ("Port Farm")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Membury Solar Limited ("Membury")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Southam Solar Farm Limited ("Southam")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Atherstone Solar Farm Limited ("Atherstone")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%
Paddock Wood Solar Farm Limited ("Paddock Wood")	Indirect	The Shard, 32 London Bridge Street, London, SE1 9 SG	Investment	100%

The direct subsidiaries FS Holdco and FS Holdco 2 are included in these Financial Statements at fair value through profit and loss; the indirect subsidiaries are held at fair value through profit or loss in the Financial Statements of FS Holdco.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

15. Related undertakings

The following table represents the fair values of the investments held by FS Holdco and FS Holdco 2 as required by IFRS 12.

For the year ended 31 December 2016

	Cost as at 31 March 2016	(Disposals) / Additions	Cost as at 31 March 2016	Unrealised gain as at 31 March 2016	Unrealised gain for the period 1 April 2016 - 31 December 2016	Unrealised gain as at 31 December 2016	Fair value as at 31 December 2016
	£	£	£	£	£	£	£
FS Debtco Limited	-	-	-	-	-	-	-
Wymeswold	49,090,000	(500,000)	48,590,000	-	1,510,000	1,510,000	50,100,000
Castle Eaton	21,630,000	-	21,630,000	-	270,000	270,000	21,900,000
Pitworthy	18,210,000	-	18,210,000	-	90,000	90,000	18,300,000
Highfields	14,300,000	-	14,300,000	-	700,000	700,000	15,000,000
High Penn	11,310,000	-	11,310,000	-	690,000	690,000	12,000,000
Hunter's Race	13,160,000	-	13,160,000	-	340,000	340,000	13,500,000
Spriggs	14,580,000	-	14,580,000	-	220,000	220,000	14,800,000
Bournemouth	50,060,000	-	50,060,000	-	1,240,000	1,240,000	51,300,000
Landmead	51,580,000	-	51,580,000	-	2,520,000	2,520,000	54,100,000
Kencot	47,210,000	-	47,210,000	-	1,790,000	1,790,000	49,000,000
Copley	35,670,000	-	35,670,000	-	2,330,000	2,330,000	38,000,000
Paddock Wood	6,190,000	4,430,940	10,620,940	-	879,060	879,060	11,500,000
Atherstone	12,520,000	3,483,741	16,003,741	-	596,259	596,259	16,600,000
Southam	7,780,000	3,364,981	11,144,981	-	655,019	655,019	11,800,000
Port Farm	44,720,000	(505,000)	44,215,000	-	1,785,000	1,785,000	46,000,000
Membury	21,160,000	-	21,160,000	-	740,000	740,000	21,900,000
	<u>419,170,000</u>	<u>10,274,662</u>	<u>429,444,662</u>	<u>-</u>	<u>16,355,338</u>	<u>16,355,338</u>	<u>445,800,000</u>

No comparatives are presented as FS Holdco was only incorporated on 11 January 2016. The investments were previously held directly by the Company, as presented in note 14.

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

16. Fair value of investments in unconsolidated entities

Valuation process for investments in unconsolidated subsidiaries

Valuations are the responsibility of the Board of Directors.

The Investment Manager is responsible for submitting fair market valuations of Group assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly.

The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology.

The Investment manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV"), using unlevered Discounted Cash Flow principles. It is in the opinion of the Investment Manager and Directors that the IPEVCV methodology used in deriving a fair value is not materially different from the fair value requirements of IFRS 13.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy of underlying investments

The Company's investments are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be appropriate. The Board review, at least annually, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

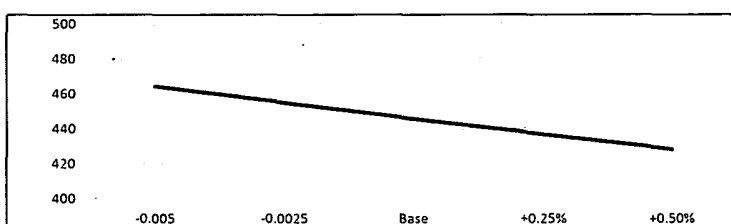
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2016 are as shown below:

The Discounted Cash Flow ("DCF") valuations of the solar assets form the majority of the NAV calculation. The Directors consider the following assumptions to be significant inputs to the DCF calculation.

Discount rate

The weighted average discount rate used is 7.5%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.5% is considered reasonable.

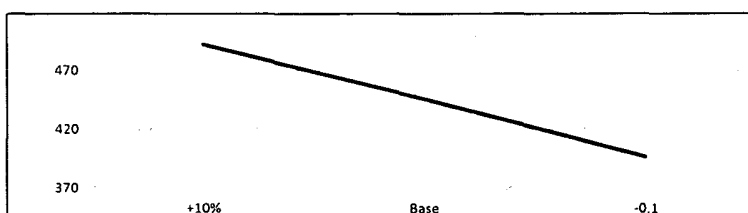
	-0.5%	-0.25%	Base	+0.25%	+0.5%
Directors' valuation (£m)	464.40	455.00	445.80	436.90	428.20
NAV per share (pence)	108.40	105.60	102.90	100.30	97.70
Change vs Base Case (%)	4.19	2.06	0.00	(2.00)	(3.93)



Production

Base case production is a function of a number of separate assumptions including irradiation levels, availability of the sites and technical performance of the equipment. A sensitivity of +/- 10% is considered reasonable given stable levels of irradiation, contractual availability guarantees and understanding of future performance levels of the equipment.

	+10%	Base	-10%
Directors' valuation (£m)	491.90	445.80	396.40
NAV per share (pence)	116.40	102.90	88.40
Change vs Base Case (%)	10.35	0.00	(11.08)



Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

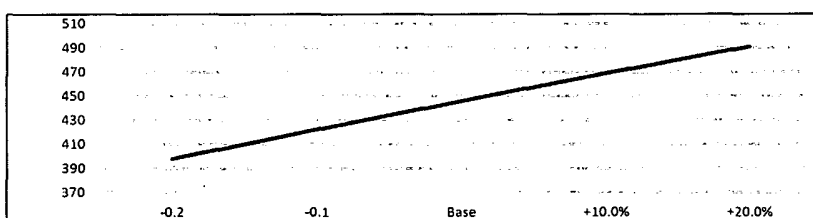
16. Fair value of investments in unconsolidated entities (continued)

Power price

DCF models assume power prices that are consistent with the Power Purchase Agreements ("PPA") currently in place. At the PPA end date, the model reverts to the power price forecast.

The power price forecasts are updated quarterly and based on power price forecasts from leading independent sources. The Investment Manager adjusts where more conservative assumptions are considered appropriate and applies expected PPA sales discounts. The forecast assumes an average annual increase in power prices in real terms of approximately 1.8%.

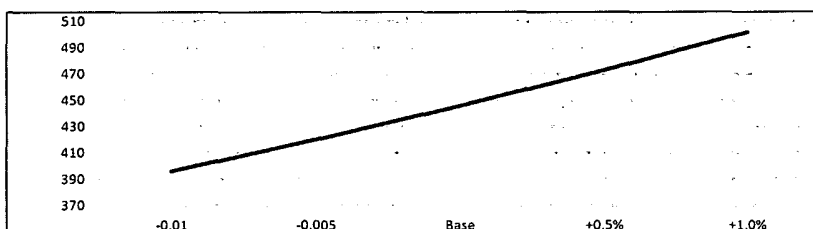
	-20.0%	-10.0%	Base	+10%	+20%
Directors' valuation (£m)	397.80	422.30	445.80	468.70	490.90
NAV per share (pence)	88.80	96.00	102.90	109.60	116.10
Change vs Base Case (%)	(10.76)	(5.26)	0.00	5.14	10.12



Inflation

A variable of 1.5% is considered reasonable given historic fluctuations. An inflation rate of 2.25% was used for 2017 and 2.75% for future periods.

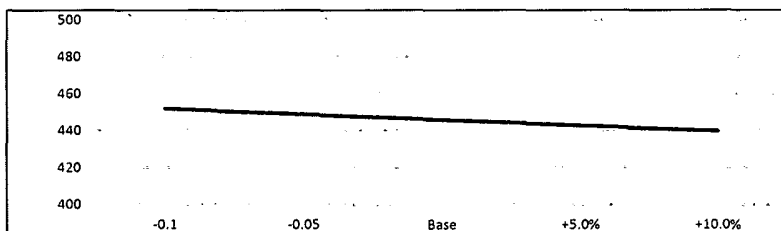
	-1.0%	-0.5%	Base	+0.5%	+1.0%
Directors' valuation (£m)	395.90	420.30	445.80	472.90	501.60
NAV per share (pence)	88.30	95.40	102.90	110.80	119.30
Change vs Base Case (%)	(11.18)	(5.71)	0.00	6.09	12.53



Operating costs (Investment level)

Operating costs include operating and maintenance ("O&M"), insurance and lease costs. Other costs are fixed and are therefore not considered to be sensitive to changes in unobservable inputs. Base case costs are based on current commercial agreements. We would not expect these costs to fluctuate widely over the life of the assets and are comfortable that the base case is prudent. A variance of +/- 5.0% is considered reasonable, a variable of 10.0% is shown for information purposes.

	-10%	-5%	Base	+5%	+10%
Directors' valuation	451.80	448.80	445.80	442.70	439.60
NAV per share (pence)	104.70	103.80	102.90	102.00	101.10
Change vs Base Case (%)	1.36	0.68	0.00	(0.69)	1.38



Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2016 (continued)

17. Share capital

The share capital of the Company comprises 100 Ordinary Shares of £1 par value each. All Ordinary Shares are held by Foresight Solar Fund Limited. The Company can issue an unlimited number of Ordinary Shares.

	2016 Shares	2016 £	2015 Shares	2015 £
Opening balance	100	100	100	100
Closing balance	100	100	100	100

18. Financial instruments and risk profile

The Company has receivables and payables that arise directly from its operations. The Company's investment activities expose it to various types of risk associated with solar power. The main risks arising from the Company's financial instruments are market risk, liquidity risk, credit risk and interest rate risk. The Directors regularly review and agree policies for managing each of these risks and these are summarised below.

18.1 Market risk

(a) Foreign exchange risk

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. As the Company operates only within the United Kingdom, the Directors have concluded that the Company is not exposed to foreign exchange risk.

(b) Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Company's Investment Manager provides the Company with investment recommendations. The Company's Investment Manager's recommendations are reviewed and approved by the Investment Manager before the investment decisions are implemented. To manage the market price risk, the Company's Investment Manager reviews the performance of the investments on a regular basis and is in regular contact with the management of the non current investments for business and operational matters.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. As at 31 December 2016, if the market prices of the investments had been 10% higher with all other variables held constant, the increase in net asset attributable to shareholders for the year would have been £43,117,308 higher, arising due to the increase in the fair value of financial instruments.

18.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

Contractual Maturity Analysis (including estimated interest payments)

As at 31 December 2016

	Carrying amount £	Contractual Total £	Less than 6 months £	6 to 12 months £	Greater than 12 months £
Financial Assets					
Investments	343,730,874	343,730,874	-	-	343,730,874
Trade and other receivables	21,173,650	21,173,650	21,173,650	-	-
Cash and cash equivalents	44,934,984	44,934,984	44,934,984	-	-
Total financial assets	409,839,508	409,839,508	66,108,634	-	343,730,874
Financial Liabilities					
Trade and other payables	(7,122,493)	(7,122,493)	(7,122,493)	-	-
Loan with subsidiary	(183,503,500)	(183,503,500)	-	-	(183,503,500)
Shareholder loan (including interest)	(29,639,549)	(29,639,549)	(29,639,549)	-	-
Loan notes (including interest)	(277,314,252)	(277,314,252)	(27,314,252)	-	(250,000,000)
Total financial liabilities	(497,579,794)	(497,579,794)	(64,076,294)	-	(433,503,500)
Net position	(87,740,286)	(87,740,286)	2,032,340	-	(89,772,626)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case. The calculations are also based on the assumption that the overdue interest is repaid at the next Interest Payment Date.

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

18. Financial instruments and risk profile (continued)

18.2 Liquidity risk (continued)

As at 31 December 2015

	Carrying amount	Contractual Total	Less than 6 months	6 to 12 months	Greater than 12 months
	£	£	£	£	£
Financial Assets					
Investments	343,530,021	343,530,021	-	-	343,530,021
Trade and other receivables	2,018,173	2,018,173	2,018,173	-	-
Cash and cash equivalents	2,606,765	2,606,765	2,606,765	-	-
Total financial assets	348,154,959	348,154,959	4,624,938	-	343,530,021
Financial Liabilities					
Long-term borrowings	(96,003,500)	(101,964,107)	(1,324,579)	(1,324,579)	(99,314,949)
Short-term borrowings	(50,000,000)	(50,294,695)	(50,294,695)	-	-
Trade and other payables	(25,953,482)	(25,953,482)	(25,953,482)	-	-
Shareholder loan (including interest)	(38,729,995)	(38,729,995)	(38,729,995)	-	-
Loan notes (including interest)	(220,645,756)	(697,450,344)	(4,954,344)	(9,936,000)	(682,560,000)
Total financial liabilities	(431,332,733)	(914,392,623)	(121,257,095)	(11,260,579)	(781,874,949)
Net position	(83,177,774)	(566,237,664)	(116,632,157)	(11,260,579)	(438,344,928)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case.

18.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in relation to cash and cash equivalents, trade and other receivables, investments in loans and interest receivable on loans.

The Company places cash with authorised deposit takers and is therefore potentially at risk from the failure of such institutions. Exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the year, and at the reporting date, the Company maintained a relationship with the following financial institution:

	Moody's Credit Rating	2016 £	Moody's Credit Rating	2015 £
Cash in hand:				
Royal Bank of Scotland Plc	P2	44,934,984	P2	2,606,765
Total cash in hand		44,934,984		2,606,765
Total cash and cash equivalents		44,934,984		2,606,765
Total cash balances held by banks		44,934,984		2,606,765

The Board has determined that the maximum exposure to credit risk in relation to trade and other receivables is £21,175,880, being the carrying amount in the statement of financial position at 31 December 2016 (2015: £2,027,053). The board has determined that the maximum exposure to credit risk in relation to investments is £343,730,873, being the portion of the investments that are made up of loans as at 31 December 2016 (2015: £343,638,807).

The Company is also exposed to Credit Risk arising from counterparties failure to make interest payments on the loan portion of investments. This risk is however not significant as these loans are only issued within the Group and is covered by the continued support of its parent company.

All investee companies within the Group are monitored by the Fund's Board on a quarterly basis, and therefore the above amounts are deemed to be of a sufficient credit quality, are neither past due nor impaired and are deemed to be fully recoverable.

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

18. Financial instruments and risk profile (continued)

18.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing to its subsidiary. At year end the Company had no long-term borrowings with third parties (2015: £96,003,500).

As at 31 December 2016

	Total portfolio 31 December 2016 £	Weighted average interest rate 31 December 2016 %	Weighted average time for which rate is fixed 31 December 2016 Days
Investments*	343,730,873	8.00	275
Cash	44,934,984	-	-
Total exposed to interest rate risk	388,665,857		

*The loan portion of the investment in FS Holdco is subject to interest rate risk

As at 31 December 2015

	Total portfolio 31 December 2015 £	Weighted average interest rate 31 December 2015 %	Weighted average time for which rate is fixed 31 December 2015 Days
Investments	343,638,807	8.38	8,761
Cash	2,606,765	-	-
Long-term borrowings	96,003,500	2.62	24
Short-term borrowings	50,000,000	2.62	24
Total exposed to interest rate risk	492,249,072		

18.5 Other risks

Political and economic risk

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

19. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares (up to its authorised number of shares) or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated Statement of Financial Position plus net debt. The gearing ratio as at 31 December 2016 was as follows:

	2016 £	2015 £
Total borrowings	457,413,225	400,733,495
Less: cash and cash equivalents	(44,934,984)	(2,606,765)
Net debt	412,478,241	398,126,730
Total equity	(295,843)	(5,070,436)
Total capital	412,182,398	393,056,294
Gearing ratio	100.07%	101.29%

Notes to the Financial Statements
For the year ended 31 December 2016 (continued)

20. Related party disclosures

Foresight Solar Fund Limited (the "Fund") is the immediate parent company of the Company and is therefore considered a related party.

During the year, the Company issued a further £34,000,000 in loan notes to the Fund (2015: £71,000,000), bringing the total payable to the Fund up to £250,000,000 (2015: £216,000,000); on which interest of £27,314,252 was payable for the year (2015: £21,696,742). As at the reporting date £27,314,252 was outstanding (2015: £1,160,433).

As at the reporting date, the Company has a Shareholder loan payable to the Fund totalling £23,909,725 (2015: £38,729,995). Total interest of £2,134,994 was payable for the year (2015: £3,497,668). As at the reporting date of which £5,729,824 was outstanding (2015: £3,497,668).

FS Holdco Limited ("FS Holdco") is a wholly owned subsidiary of the Company and is therefore considered a related party. During the year, the Company issued a loan to FS Holdco totalling £343,730,843 at the reporting date (2015: Nil). Total interest of £20,511,723 was payable for the year (2015: Nil), all of which was outstanding as at the reporting date (2015: Nil).

On 14 April 2016, an outstanding external loan of £149,503,500 (2015: Nil) was paid by FS Holdco on behalf of the Company resulting in a non-interest bearing, repayable on demand loan payable to FS Holdco.

FS Holdco increased the loan by an additional £34,000,000 bringing the total loan balance outstanding as at 31 December 2016 to £183,503,500 (2015: Nil) as disclosed in note 12.

No Director has an interest in any contract to which the Company is a party. The Directors have not received any remuneration for their services in the current and preceding year.

21. Commitments and contingent liabilities

As at 31 December 2016, the Company did not have any commitments or contingent liabilities (2015: none).

22. Controlling party

Foresight Solar Fund Limited (the "Parent Company") is the immediate parent company of Foresight Solar Fund (UK Hold Co) Limited. The address of the registered office of the Parent Company is 28 Esplanade, St Helier, Jersey, JE2 3QA. In the opinion of the Directors, as the Parent Company is a London Stock Exchange listed company with a number of investors, there is no controlling party as no one party has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its direction.

23. Post balance sheet events

On 18 January 2017, the Fund issued an additional £35,200,000 shareholder loan to the Company, funded using equity proceeds raised during the year. This £35,200,000 was utilised in the acquisition of Atem Solar Limited ("Shotwick Solar") on 2 February 2017 by FS Debtco, a direct subsidiary of FS Holdco 2, a subsidiary of the Company.

The Fund also issued an additional £67,500,000 shareholder loan to the Company on 7 April 2017, funded using equity proceeds raised in March 2017, bringing the total shareholder loan issued to the Company to £126,609,725. The Company transferred £12,500,000 of this amount to FS Holdco in order for FS Holdco to repay a portion of its Short Term Revolving Facility with Abbey National Treasury Services ("Santander"). The remaining £55,000,000 was paid to FS Debtco, a direct subsidiary of FS Holdco 2, to repay its £55,000,000 loan with Santander that was utilised in the acquisition of Sandridge Solar Power Limited ("Sandridge Solar"). As a result, FS Debtco has a loan payable to the Company of £55,000,000.

The Company issued a shareholder loan of £79,379,733 to FS Holdco 2. FS Holdco 2 used this loan to issue a loan of the exact amount to FS Debtco in order to acquire the Shotwick Solar asset and the Sandridge Solar asset.